

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 IO-13 DODE-00 PM-04 OPR-02  
ABF-01 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07  
FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00  
CIEP-01 LAB-04 SIL-01 AGRE-00 OMB-01 L-03 ACDA-07  
PA-01 SS-15 PRS-01 SAJ-01 SSO-00 INRE-00 USIE-00 /113 W  
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FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 4623

INFO USMISSION NATO PRIORITY

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E.O. 11652: N/A

TAGS: AORG, OECD, NATO

SUBJECT: COORDINATED ORGANIZATIONS SALARY ADJUSTMENT

REFS: (A) STATE 296621, (B) USNATO 6688,

(C) OECD 36224, (D) OECD 35231

1. SUMMARY: AT HEADS OF DEL DISCUSSION OF SALARY ADJUST-  
MENT ISSUE ON DEC 7, FRENCH PROPOSED AMENDMENT STIPU-  
LATING THAT CCG COULD RECOMMEND THAT CEILING ESTABLISHED  
IN ARTICLE 6 OF DRAFT RULES BE EXCEEDED IF ELEMENTS OF  
ASSESSMENT IN ARTICLE 5 WOULD LEAD TO MORE FAVORABLE  
RESULTS. FRENCH AMENDMENT DREW SUPPORT FROM SECGEN AND  
SEVERAL SMALLER DELS, BUT WAS QUESTIONED BY BRITISH,  
BELGIAN, GERMAN AND AUSTRALIAN DELS. US DEL STATED HE  
WOULD REFER FRENCH PROPOSAL AND OTHER DELEGATIONS'  
COMMENTS TO WASHINGTON FOR FURTHER INSTRUCTIONS.  
CANADIANS, DUTCH ALSO EXPRESSED WILLINGNESS TO REFER  
BACK TO CAPITALS, AND DRIFT OF MEETING AT END OF  
DISCUSSION WAS TO HAVE CAPITALS CONSIDER FRENCH PROPOSAL  
AMENDMENT. MOST OF DELS WERE PREPARED TO DROP LAST  
FOUR WORDS OF ARTICLES 5(B). NO SUPPORT WAS MANIFESTED  
FOR EXCLUSION FROM ARTICLE 7 SAMPLE OF COUNTRIES IN  
WHICH CIVIL SERVICE SALARIES ARE BEING SUBJECTED TO  
PARTICULARLY SHARP RESTRAINT. HEADS OF DEL WILL MEET  
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AGAIN ON AFTERNOON OF DEC 10 TO CONTINUE DISCUSSION OF

SALARIES. END SUMMARY.

2. LENGTHY HEADS OF DELEGATIONS DISCUSSION ON DEC 7 OF 133RD CCG REPORT ON SALARY ADJUSTMENT CENTERED ON FRENCH PROPOSED AMENDMENT STIPULATING THAT CCG WOULD RECOMMEND THAT CEILING ESTABLISHED IN ARTICLE 6 OF DRAFT RULES BE EXCEEDED IF ELEMENTS FOR INFORMATION AND ASSESSMENT CONTAINED IN ARTICLE 5 - AND NOTABLY IN 5(C), WHERE REFERENCE IS MADE TO REMUNERATION IN EC AND OTHER INTERNATIONAL ORGANIZATIONS - WOULD LEAD TO RESULTS MORE FAVORABLE TO STAFF. FRENCH AMENDMENT DREW SUPPORT FROM SEC-GEN AND FROM PORTUGAL AND AUSTRIA. MOST OTHER DELS WHO SPOKE SEEMED PREPARED TO REFER TO CAPITALS WITH REQUIREMENT THAT IT BE CONSIDERED FAVORABLY. AMENDMENT WAS MOST VIGOROUSLY QUESTIONED OR OPPOSED BY BRITISH, BELGIAN AND AUSTRALIAN AND GERMAN DELS. QUESTIONING OF AMENDMENT, LED BY AUSTRALIAN DEL, CENTERED ON HIS CONTENTION OF REDUNDANCY OF ORIGINAL FRENCH AMENDMENT AND PARA. 5(B); AND ON THE PRINCIPLE OF WHETHER OR NOT THERE IS TO BE A CEILING, WHICH THE AUSTRALIAN DEL SAID APPEARED TO BE NULLIFIED BY THE FRENCH PROPOSAL. HE PROPOSED REVIEWING THE ISSUE OF PRINCIPLE REGARDING A CEILING AND DROPPING ARTICLE VI IF DECISION WAS NEGATIVE. FRENCH DEL STATED THAT IT WAS ESSENTIAL IN HIS VIEW TO RETAIN THE CEILING IN ARTICLE VI. HE DEFENDED HIS AMENDMENT ON GROUNDS THAT IT DID NOT UNDERMINE THE CONCEPT OF THE CEILING BUT MERELY IMPROVED THE CONCEPT BY ADDING SOME FLEXIBILITY TO IT. CANADIAN DEL WITH APPARENT AGREEMENT OF OTHER DELS NOTED THAT THE REVISED PARA 6 (SEE TEXT BELOW) WOULD MERELY OPEN THE DOOR TO A POSSIBLE RECOMMENDATION BY THE CCG TO EXCEED THE CEILING, AN ACTION WHICH WOULD REQUIRE A SEPARATE, CONSCIOUS DECISION BY THE COUNCIL. US DEL COMMENTS PER REFTEL (A) SAYING HE WOULD TRANSMIT AMENDMENT WITH OTHER DELEGATES' COMMENTS TO WASHINGTON. HE ADDED PROCEDURAL POINT THAT AT APPROPRIATE TIME IF COUNCIL WERE TO AGREE TO CHANGE 133 REPORT, USG WOULD PROBABLY WANT TO SEE MATTER GO BACK TO CCG.

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3. FRENCH DEL ALSO PROPOSED DROPPING LAST FOUR WORDS QUOTE IRRESPECTIVE OF GRADE COMPARISONS UNQUOTE FROM ARTICLE 5(B). US, CANADIAN, BELGIAN AND AUSTRIA DELS INDICATED THEY COULD SUPPORT DELETION, WITH OTHER DELS REMAINING MUTE ON ISSUE.

4. IN SHARP ARGUMENT WITH SEC GEN, BELGIAN DEL OPPOSED EXCLUSION FROM ARTICLE 7 SAMPLE OF COUNTRIES IN WHICH

CIVIL SERVICE SALARIES ARE BEING SUBJECTED TO PARTICULARLY SHARP RESTRAINT. BELGIAN CONTENDED THAT ARTICLE 7 SAMPLE AS NOW DRAFTED CONTAINED PRECISELY THE COUNTRIES IN WHICH MOST COORDINATED ORGANIZATION

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EMPLOYEES WORKED AND THUS WAS MOST APPROPRIATE SAMPLE POSSIBLE. BELGIAN DEL INDICATED THAT IN ANY CASE HE BELIEVED SECGEN APPROVAL HAD BEEN REQUESTED AND RECEIVED WHEN ARTICLE 7 SAMPLE WAS ORIGINALLY DRAFTED. SECGEN REITERATED HIS OPPOSITION TO INCLUDING COUNTRIES IN SERIOUS ECONOMIC STRAITS IN SAMPLE AND CONTENDED THAT SAMPLE AS NOW SPECIFIED WOULD BE APPROPRIATE FOR EC BUT WAS COMPLETELY ARBITRARY FOR COORDINATED ORGANIZATIONS. ONLY OTHER DELS TO ADDRESS ISSUE WERE AUSTRALIA AND NEW ZEALAND, BOTH OF WHOM SUPPORTED BELGIAN POSITION.

5. TEXT OF FRENCH AMENDMENT FOLLOWS:

BEGIN TEXT: ARTICLE 6

(A) THE PERCENTAGE INCREASE REFERRED TO IN ARTICLE 4.1 MAY NOT BE HIGHER THAN THE RISE IN THE COST OF LIVING DEFINED IN ARTICLE 5(A), ADJUSTED

UPWARDS OR DOWNWARDS BY THE WEIGHTED AVERAGE OF PERCENTAGE CHANGES IN REAL TERMS RECORDED SINCE THE PREVIOUS GENERAL REVIEW IN AVERAGE NET SALARIES PAID TO OFFICIALS OF COMPARABLE GRADE IN THE NATIONAL CIVIL SERVICES USED AS REFERENCE.

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(B) IF THE ELEMENTS OF INFORMATION AND ASSESSMENT REFERRED TO IN ARTICLE 5(C) WOULD LEAD TO MORE FAVOURABLE RESULTS THAN THOSE OBTAINED BY APPLYING ARTICLE 6(A), THE CO-ORDINATING COMMITTEE MAY, IN THE LIGHT OF THE OTHER ELEMENTS OF INFORMATION AND ASSESSMENT REFERRED TO IN ARTICLE 5 AND ON AN AD HOC BASIS, RECOMMEND A PERCENTAGE INCREASE HIGHER THAN THAT WHICH WOULD RESULT BY APPLYING THE PREVIOUS PARAGRAPH. END TEXT.

6. COMMENT: QUESTION OF CEILING ON SALARIES ESTABLISHED IN ARTICLE VI APPEARS TO BE ONLY REMAINING STUMBLING BLOCK TO AGREEMENT ON APPROVAL TO ANNEX OF 133RD REPORT ON SALARY ADJUSTMENT. FRENCH PROPOSAL WITH REVISIONS SUGGESTED AT MEETING GIVES SOME FLEXIBILITY TO CEILING IN PROVIDING FOR REVIEW BY THE CO-ORDINATING COMMITTEE, WHILE MAINTAINING THE CEILING PRINCIPLE. DRIFT OF MEETING SEEMED TO BE TOWARD AT LEAST SERIOUS CONSIDERATION OF THE FRENCH AMENDMENT BY MOST MEMBERS.

IN OUR VIEW FRENCH AMENDMENT WOULD APPEAR TO ALLEVIATE SECGEN'S AND STAFF'S CONCERNS WITHOUT GIVING UP CONCEPT OF CEILING OR US CONTROL (THROUGH CCG MEMBERSHIP) OF ANY PROPOSAL TO SET IT ASIDE ON AD HOC BASIS IF DEVELOPMENTS IN OTHER INTERNATIONAL ORGANIZATIONS SHOULD WARRANT. DEPARTMENT MAY ALSO WISH TO CONSIDER AUTHORIZING US TO FLOAT FALLBACK FORMULA SUCH AS WRITTEN INTERPRETATION BY COUNCIL TO EFFECT THAT IN EVENT CEILING UNDER ARTICLE VI DIVERGES WIDELY FROM DEVELOPMENTS IN OTHER INTERNATIONAL ORGANIZATIONS (ARTICLE 5(C)), COUNCIL WOULD REVIEW SITUATION IN LIGHT OF ALL CIRCUMSTANCES AT TIME (SEE REFTTEL D, PARA 7). SUCH AN INTERPRETATION WOULD GIVE NOTHING AWAY AND ACHIEVE THE SAME OBJECTIVE OF PACIFYING AND STAFF.

7. ACTION REQUESTED: APPROPRIATE GUIDANCE PRIOR TO DEC 10 HEADS OF DEL AND COUNCIL MEETING.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** coburnhl  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976OECDP36376  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760454-0032  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761262/aaaacbmh.tel  
**Line Count:** 219  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 296621, 76 OECD PARIS 36224, 76 OECD PARIS 35231  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** coburnhl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 APR 2004 by ShawDG>; APPROVED <16 AUG 2004 by coburnhl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COORDINATED ORGANIZATIONS SALARY ADJUSTMENT  
**TAGS:** AORG, OECD, NATO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006